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SPEECH BY MR LEE KUAN YEW, PRIME MINISTER PF SINGAPORE, AT THE BANQUET HOSTED IN HONOUR OF HIS EXCELLENCY MR LI PENG, PREMIER OF THE STATE COUNCIL OF THE PEOPLE'S REPUBLIC OF CHINA, ON 11 AUGUST 1990 AT ISTANA, SINGAPORE

On behalf of the government and people of Singapore, I extend a warm welcome to you, Mrs Li and your delegation. We are honoured by your visit and happy to be able to reciprocate the warm and generous hospitality that my ministers and I have always received on our many visits to China.

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Since we last met in Beijing in September of 1988, the world has gone through a historic turning point. Eastern Europe and the Soviet Union have abandoned their old economic and political systems and are seeking to set up new ones based on the free-market, free-enterprise economy and multiparty democracy. The world we have known has altered beyond recognition. The cold war is over. There is now an easy, sometimes cooperative relationship

between the two superpowers. The balance of forces in Europe and in Asia has changed. What new balance will eventually be reached and whether it will be durable, we shall not know for some years. And the long term implications of these changes for Asia remain unclear.

Many political leaders in governments and in the legislatures of Europe and America have assumed that the disappearance of the old order means an era of peace for mankind. Most political leaders in Asia do not share this optimistic view of the future. So Asian leaders were surprised but not shocked when Iraq sent 100,000 troops to occupy Kuwait in less than seven hours from 2.00 am on 2 August.

The world can become a safer place only when an aggressor who invades another, especially a weaker country, is punished, not rewarded. This is the lesson the Vietnamese have to learn for their aggression in Cambodia. Singapore would urge the five Permanent Members of the UN Security Council, including China, to press a solution upon the Cambodian factions by forming a Cambodian Supreme National Council which includes all the parties of the Cambodian conflict. The United Nations should have an enhanced role in the settlement of this conflict. Vietnam must not be allowed to block the formation of a SNC which will give all Cambodian parties an equal chance of winning in the free

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elections to follow, and which will be held under UN supervision in a politically neutral government. China should get the Khmer Rouge to undertake to abide by a UN-based settlement.

Asia Pacific countries are moving into a period of rapid economic growth and technological transformation. The free market economies of Japan, the Newly Industrialising Economies (NIEs) and ASEAN are achieving economic growth rates which are double that of the OECD countries and more than any other region of the world. Two weeks ago, Singapore had the honour to host the Second Asia Pacific Economic Cooperation (APEC) Ministerial level meeting. China's economic ties with the region will increase as she continues her open door policy. Singapore hopes China will join APEC when she considers the time appropriate, and at the same time agree to the participation of the economies of Hong Kong and Taiwan.

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We are happy and honoured that you have visited Singapore after normalising relations with and also visiting Indonesia. It is a positive development for the region. Singapore hopes to establish diplomatic relations with the People's Republic of China, in the next few months.

Our bilateral relations have been good. Trade between the two countries has grown seven-fold in 12 years from S$815.1 million in 1977, to S$5.65 billion in 1989. And we are moving beyond trade to investments.

Now may I ask you to join me in a toast to the prosperity of the People's Republic of China and the happiness of her people, to better understanding and cooperation between the governments of the People's Republic of China and Singapore and to the health of President Yang Shangkun and Premier Li Peng.

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